



Car Tax Reform Implementation for 2006



Workshop Workbook

Notes:

How We Got Here

General Assembly – 2004 Legislative Changes (SB5005)

- Commonwealth's payment is capped at \$950 million.
- Locality's share of \$950 million is based on fixed percentage of total payments to localities for tax year 2005.
- Percentage will be certified by APA no later than March 1, 2006.
- Reimbursement for tax year 2006 paid over 12-month period beginning July 2006.
- Secretary of Finance, in consultation with VaCo and VML, will develop payment schedule.
- Commonwealth will reimburse Spring Billers for interest expense associated with short-term financing.
- Governing bodies to establish one or more reduced tax rates for vehicle's value that is under \$20,000.
- Rates intended to generate about the same amount of revenue as would have been produced otherwise.
- Statement included on tax bill about the reduced rates.

Local Officials Voiced Concerns About Changes

- Budget impact of delayed State payment on Spring Billers.
- Payment schedule – cash flow.
- Bills for Tax Year 2005 and earlier that are in the "pipeline" as July 1, 2006 approaches (\$24 million set aside in Budget Bill).
- Termination date for 1998 PPTRA Program and the authority to balance the bills.
- Date on which to determines the fixed share of the \$950 million payment.
- Local bill formats and bifurcated rates.

Secretary of Finance Worked Closely With Local Officials.

- Secretary of Finance established working group which included Commissioners of Revenue, Treasurers, VML and VaCo members.

Recommendations:

- Payment schedule to provide revenue to localities earlier than historical payments.
- Objective to have as little impact as possible on localities' cash flow.
- Localities may count revenue from Commonwealth as being received in prior fiscal year when received by August 15.
- "Intent of General Assembly" language added to express intent to continue paying Spring Billers prior to August 15 each year.
- Bills in the "pipeline" - \$24 million added to budget to cover 2005 and prior year bills for reimbursement after July 1, 2006.
- Termination date for 1998 Car Tax Program established – September 1, 2006.
- Bills remaining delinquent after September 1, 2006 may be billed for full amount.
- State obligation under old program ends September 1, 2006.
- Fixed percentage of total payments based on tax year 2004 as collected through December 31, 2005.
- Specific amount of relief versus multi-tiered rates.

Personal Property Tax Relief Act of 1998

DESCRIPTION OF CHANGES

As of January 1, 2006, all statutes relating to the current administration of the PPTRA are repealed except those relating to:

- Definitions (§ 58.1-3523)
- Tangible Personal Property Tax Relief Program Description (§ 58.1-3524)
- Furnishing of information between TAX and Commissioners (§ 58.1-3534)
- Furnishing of information between Commissioners and Treasurers (§ 58.1-3535)

Of the statutes remaining there were several major changes relating to the administration of the program in sections 58.1-3523 and 58.1-3524.

Definitions (§ 58.1-3523):

Deleted the following:

- "Commissioner" means the Commissioner of the Department of Motor Vehicles.
- "Percentage level" means the percentage of the reimbursable amount to be reimbursed or paid by the Commonwealth.
- "Reimbursable amount" means the value of a qualifying vehicle, up to the first \$20,000 of value, multiplied by the effective tax rate in effect in the locality on July 1, 1997, or August 1, 1997, whichever is greater.

Amended the following:

- "Effective tax rate" means the tax rate imposed by a locality on tangible personal property ~~on the applicable class of tangible personal property~~ multiplied by ~~the~~ any assessment ratio *in effect*.
- "Value" means the fair market value determined by the method prescribed in § [58.1-3503](#) and used by the locality ~~as of August 1, 1997,~~ in valuing the qualifying vehicle.

Added the following:

- "Tax year" means the 12-month period beginning in the calendar year for which tangible personal property taxes are imposed.

Tangible Personal Property Tax Relief Program Description (§ 58.1-3524):

Deleted the following:

§ 58.1-3524. (Effective until January 1, 2006) Reimbursement of tangible personal property taxes; deduction on tangible personal property tax bills.

~~A. For tax year 1998, the Commonwealth shall directly reimburse taxpayers, for tangible personal property tax levies paid on any qualifying vehicle, a percentage of the reimbursable amount determined pursuant to subdivision B 1, as provided in § 58.1-3525. For tax year 1999 and tax years thereafter, the Commonwealth shall pay to treasurers a percentage of the reimbursable amount determined pursuant to subdivisions B 2 through B 5 on any qualifying vehicle, as provided in § 58.1-3526.~~

B. Subject to the conditions of subsections C and D, the amount of the reimbursement to taxpayers for tax year 1998 and the amount of the payments to treasurers for tax years after 1998 shall be 100 percent for qualifying vehicles with a value of one thousand dollars or less and for each qualifying vehicle with a value of more than one thousand dollars shall be as follows:

Percentage Level

1. For any tax year beginning in 5 percent of the reimbursable calendar year 1998 amount for each qualifying vehicle
2. For any tax year beginning in 27.5 percent of the reimbursable calendar year 1999 amount for each qualifying vehicle
3. For any tax year beginning in 47.5 percent of the reimbursable calendar year 2000 amount for each qualifying vehicle
4. For any tax year beginning in 70 percent of the reimbursable calendar year 2001 amount for each qualifying vehicle
5. For any tax year beginning in 100 percent of the reimbursable calendar year 2002 and tax amount for each qualifying vehicle years thereafter

C. Notwithstanding the schedule set forth in subsection B, the percentage level for each qualifying vehicle to be paid by the Commonwealth for a tax year shall not be increased at the beginning of any calendar year above the percentage level paid by the Commonwealth in the preceding tax year if:

1. Actual general fund revenues for a fiscal year, including transfers, are less than the projected general fund revenues, as reported in the general appropriation act in effect at that time, by one half of one percent or more of the amount of actual general fund revenues for such fiscal year;
2. The general fund revenue forecast provided by the Governor in December pursuant to § 2.2-1503 indicates that general fund revenues, excluding transfers, for any fiscal year will be less than five percent greater than general fund revenues for the immediately preceding fiscal year; or
3. The general fund revenue forecast provided by the Governor in December pursuant to § 2.2-1503 indicates that total general fund revenues available for appropriation, including transfers, for either of the fiscal years covered by the general appropriation act in effect at that time will be less than the general fund appropriations for such fiscal year or years.

D. If the percentage level remains the same for consecutive tax years, the percentage level to be used in the following tax year shall remain the same unless none of the conditions described in subsection C have occurred, in which event the amount to be paid by the Commonwealth for the immediately following tax year shall be equal to the next highest percentage amount listed in subsection B.

E. An amount equal to the percentage of the reimbursable amount as determined under subdivisions B 2 through B 5 shall appear as a deduction on the tangible personal property tax bill for qualifying vehicles, as provided by subsection E of § 58.1-3912.

1. In the event the General Assembly changes the percentage of the reimbursable amount as described under subsection B for the current tax year and a locality has already printed its tangible personal property tax bills for qualifying vehicles for the year that the percentage is changed, the following procedures shall apply:

a. If the percentage of the reimbursable amount is decreased for the current tax year and the taxpayer has paid the assessment, the locality may (i) levy an additional amount for the amount of the difference between the percentage of the reimbursable amount for the tax year reflected on the original assessment and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in the current year or (ii) carry forward the additional levy and include it on the subsequent tax bill, provided such levy is not subject to penalty and interest.

~~b. If the percentage of the reimbursable amount is increased for the current tax year and the taxpayer has paid the assessment, the locality shall issue a refund to the taxpayer for the amount of the difference between the percentage of the reimbursable amount for the tax year reflected on the original assessment and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in the current tax year. Such refunds shall be issued by the treasurer no later than thirty days after receipt of the payment from the Commonwealth pursuant to § 58.1-3526.~~

~~2. In the event the General Assembly changes the percentage of the reimbursable amount as described under subsection B before a locality has printed its tangible personal property tax bills for qualifying vehicles, the following procedures shall apply:~~

~~a. If the percentage of the reimbursable amount is decreased for the current tax year, the locality may adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the General Assembly to the percentage of the reimbursable amount.~~

~~b. If the percentage of the reimbursable amount is increased for the current tax year, the locality shall adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the General Assembly to the percentage of the reimbursable amount.~~

Added the following:

§ 58.1-3524. (Effective January 1, 2006) Tangible personal property tax relief; local tax rates on vehicles qualifying for tangible personal property tax relief.

A. For tax year 2006 and all tax years thereafter, counties, cities, and towns shall be reimbursed by the Commonwealth for providing the required tangible personal property tax relief as set forth herein.

B. For tax year 2006 and all tax years thereafter, the Commonwealth shall pay a total of \$950 million for each such tax year in reimbursements to localities for providing the required tangible personal property tax relief on qualifying vehicles in subsection C. No other amount shall be paid to counties, cities, and towns for providing tangible personal property tax relief on qualifying vehicles. Each county's, city's, or town's share of the \$950 million for each such tax year shall be determined pro rata based upon the actual payments to such county, city, or town pursuant to this chapter for tax year 2005 as compared to the actual payments to all counties, cities, and towns pursuant to this chapter for tax year 2005, as certified in writing by the Auditor of Public Accounts no later than March 1, 2006, to the Governor and to the chairmen of the Senate Committee on Finance and the House Committee on Appropriations. The amount reimbursed to a particular county, city, or town for tax year 2006 for providing tangible personal property tax relief shall be the same amount reimbursed to such county, city, or town for each subsequent tax year.

The reimbursement to each county, city, or town for tax year 2006 shall be paid by the Commonwealth over the 12-month period beginning with the month of July 2006 and ending with the month of June 2007, as provided in the general appropriation act. For all tax years subsequent to tax year 2006, reimbursements shall be paid over the same 12-month period. All reimbursement payments shall be made by check issued by the State Treasurer to the respective treasurer of the county, city, or town on warrant of the Comptroller.

C. For tax year 2006 and all tax years thereafter, each county, city, or town that will receive a reimbursement from the Commonwealth pursuant to subsection B shall provide tangible personal property tax relief on qualifying vehicles by reducing its local tax rate on qualifying vehicles as follows:

1. The local governing body of each county, city, or town shall fix or establish its tangible personal property tax rate for its general class of tangible personal property, which rate shall also be applied to that portion of the value of each qualifying vehicle that is in excess of \$20,000;

2. After fixing or establishing its tangible personal property tax rate for its general class of tangible personal property, the local governing body of the county, city, or town shall fix or establish one or more reduced tax rates (lower than the rate applied to the general class of tangible personal property) that shall be applied solely to that portion of the value of each qualifying vehicle that is not in excess of \$20,000. No other tangible personal property tax rate shall be applied to that portion of the value of each qualifying vehicle that is not in excess of \$20,000. Such

reduced tax rate or rates shall be set at an effective tax rate or rates such that (i) the revenue to be received from such reduced tax rate or rates on that portion of the value of qualifying vehicles not in excess of \$20,000 plus (ii) the revenue to be received on that portion of the value of qualifying vehicles in excess of \$20,000 plus (iii) the Commonwealth's reimbursement is approximately equal to the total revenue that would have been received by the county, city, or town from its tangible personal property tax had the tax rate for its general class of tangible personal property been applied to 100 percent of the value of all qualifying vehicles.

D. On or before the date the certified personal property tax book is required by § [58.1-3118](#) to be provided to the treasurer, the commissioner of the revenue shall identify each qualifying vehicle and its value to the treasurer of the locality.

E. The provisions of this section are mandatory for any county, city, or town that will receive a reimbursement pursuant to subsection B.

Classifications for Tangible Personal Property (§§ 58.1-3506 and 58.1-3506.1):

Added the following:

- A provision to § 58.1-3506 that allows for the establishment of qualifying vehicles as separate class of tangible personal property. Anticipating a multi tiered rate structure.
- § 58.1-3506.1 is amended to provide that qualifying vehicles owned and used primarily by or for anyone at least 65 years of age or anyone found to be permanently and totally disabled may also be taxed in the same manner as other qualifying vehicles.

Appropriations Act, Budget Item 503:

Approved by the 2005 General Assembly, Budget Item 503 establishes payment and tax assessment procedures for implementing the 2004 changes to the Personal Property Tax Relief Act.

LOCALITY PAYMENT SCHEDULES

Counties and Cities with Billing Dates Between January and June (Spring Billers)

(July 31-Estimate and percentage of spring bills normally paid through June 30, 2006, based on TY 2005; Balance of each spring biller's share will be paid during the first half of each fiscal year – 40% on August 15 and 60% on November 15)

Albemarle County	Dinwiddie County	King George County	Richmond City
Buena Vista, City of	Emporia, City of	Lexington City	Roanoke City
Caroline County	Fluvanna County	Loudoun County	Roanoke County
Charlottesville	Frederick County	Nelson County	Salem City
Chesapeake	Fredericksburg, City of	Newport News	Spotsylvania County
Chesterfield County	Greene County	Norfolk	Stafford County
Clarke County	Hampton, City of	Petersburg, City of	Virginia Beach
Colonial Heights	Henrico County	Poquoson	Winchester City
Covington	James City County	Portsmouth	York County
Danville			

Counties and Cities Receiving More Than \$20 Million Per Year

(August 15-50%; November 15-45%; February 15-3%; May 15-2%)

Alexandria
Arlington County
Fairfax County
Prince William

Counties and Cities Receiving Less Than \$20 Million Per Year

(August 15-5% November 15-75% February 15-15% May 15-5%)

Accomack County	Falls Church City	Madison County	Rockingham County
Alleghany County	Fauquier County	Manassas City	Russell County
Amelia County	Floyd	Manassas Park City	Scott County
Amherst County	Franklin City	Martinsville City	Shenandoah County
Appomattox County	Franklin County	Mathews County	Smyth County
Augusta County	Galax City	Mecklenburg County	Southampton County
Bath County	Giles County	Middlesex County	Staunton City
Bedford City	Gloucester County	Montgomery County	Suffolk City
Bedford County	Goochland County	New Kent	Surry County
Bland County	Grayson County	Northampton County	Sussex County
Botetourt County	Greensville County	Northumberland County	Tazewell County
Bristol City	Halifax County	Norton City	Warren County
Brunswick County	Hanover County	Nottoway County	Washington County
Buchanan County	Harrisonburg City	Orange County	Waynesboro City
Buckingham County	Henry County	Page County	Westmoreland Co.
Campbell County	Highland County	Patrick County	Williamsburg City
Carroll County	Hopewell	Pittsylvania County	Wise County
Charles City County	Isle of Wight County	Powhatan County	Wythe County
Charlotte County	King & Queen Co.	Prince Edward County	
Craig County	King William Co.	Prince George County	
Culpeper County	Lancaster County	Pulaski County	
Cumberland County	Lee County	Radford City	
Dickenson County	Louisa County	Rappahannock County	
Essex County	Lunenburg County	Richmond County	
Fairfax County	Lynchburg County	Rockbridge County	

Towns which Bill Between January and June Each Year

(Paid in the Spring of FY 2006, pursuant to language in HB 1500/SB 700)

Edinburg	Strasburg
New Market	Pamplin
Toms Brook	Woodstock
Vinton	

All Other Towns

(By August 15)

Other

Winchester

(Bills for prior 12 months, based on anniversary date of the vehicle license. Language in HB 1500/SB 700 extends the potential payments for Winchester.)

Note: Payment dates are based on the latest available information. If a locality is listed above in an incorrect category, actual payments will be determined by the correct billing date(s).

Table shows estimates using 2003 Tax Year Data. Official and Final locality percentages will be certified by the Auditor of Public Accounts no later than March 1, 2006 based on locality's actual state reimbursement for tax year 2004 which are based on reimbursement requests submitted on or before Dec. 31, 2005.

Spring Billers

Locality	FY07 Estimate	FY07 % share	Current				New		
			Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jul 31st	Aug 15th	Nov 15th
Albemarle County	15,002,104	1.6%	7.7%	43.5%	2.1%	46.7%	51.2%	19.5%	29.3%
Buena Vista	717,071	0.1%	34.5%	65.5%	0.0%	0.0%	100.0%	0.0%	0.0%
Caroline County	2,201,181	0.2%	8.7%	39.2%	10.1%	42.0%	48.0%	20.8%	31.2%
Charlottesville	3,638,458	0.4%	13.2%	40.4%	2.6%	43.8%	53.6%	18.6%	27.8%
Chesapeake	26,663,888	2.8%	7.5%	75.8%	11.4%	5.4%	83.3%	6.7%	10.0%
Chesterfield County	41,047,287	4.3%	0.7%	85.3%	11.4%	2.7%	85.9%	5.6%	8.4%
Clarke County	2,207,988	0.2%	34.7%	43.9%	0.0%	21.5%	78.5%	8.6%	12.9%
Colonial Heights	2,057,858	0.2%	99.7%	0.3%	0.0%	0.0%	100.0%	0.0%	0.0%
Covington	584,585	0.1%	24.4%	40.7%	2.2%	32.7%	65.1%	14.0%	20.9%
Danville	3,774,624	0.4%	6.3%	50.9%	1.6%	41.2%	57.2%	17.1%	25.7%
Dinwiddie County	3,626,321	0.4%	14.5%	42.7%	2.7%	40.2%	57.2%	17.1%	25.7%
Emporia	596,040	0.1%	10.5%	23.4%	58.6%	7.4%	33.9%	26.4%	39.6%
Fluvanna County	2,742,764	0.3%	4.3%	49.9%	1.8%	44.0%	54.3%	18.3%	27.4%
Frederick County	11,579,647	1.2%	5.4%	49.6%	3.7%	41.2%	55.1%	18.0%	27.0%
Fredericksburg	1,747,131	0.2%	0.4%	43.6%	3.6%	52.5%	44.0%	22.4%	33.6%
Greene County	2,297,235	0.2%	9.6%	55.3%	2.1%	33.0%	64.9%	14.0%	21.0%
Hampton	15,490,527	1.6%	16.9%	37.0%	5.1%	41.1%	53.9%	18.5%	27.7%
Henrico County	37,213,405	3.9%	15.6%	45.1%	3.8%	35.5%	60.7%	15.7%	23.6%
James City County	9,512,934	1.0%	8.0%	45.7%	4.5%	41.9%	53.6%	18.6%	27.8%
King George County	1,695,044	0.2%	0.0%	59.2%	0.0%	40.8%	59.2%	16.3%	24.5%
Lexington	572,017	0.1%	4.9%	59.5%	7.3%	28.3%	64.4%	14.2%	21.4%
Loudoun County	50,943,636	5.4%	5.7%	43.3%	13.7%	37.3%	49.0%	20.4%	30.6%
Nelson County	1,576,948	0.2%	71.4%	22.2%	1.6%	4.8%	93.6%	2.6%	3.8%
Newport News	18,749,324	2.0%	13.8%	36.6%	7.9%	41.7%	50.5%	19.8%	29.7%
Norfolk	16,956,102	1.8%	11.2%	72.4%	8.4%	7.9%	83.7%	6.5%	9.8%
Petersburg	2,923,912	0.3%	0.0%	80.8%	14.4%	4.7%	80.8%	7.7%	11.5%
Poquoson	1,818,334	0.2%	7.9%	43.7%	3.4%	45.0%	51.6%	19.4%	29.1%
Portsmouth	9,811,198	1.0%	9.2%	64.5%	15.7%	10.6%	73.7%	10.5%	15.8%
Richmond City	18,165,934	1.9%	0.5%	79.2%	10.8%	9.5%	79.7%	8.1%	12.2%
Roanoke City	8,697,821	0.9%	1.3%	87.9%	7.9%	2.9%	89.2%	4.3%	6.5%
Roanoke County	12,148,266	1.3%	0.6%	93.2%	4.5%	1.7%	93.8%	2.5%	3.7%
Salem	2,594,685	0.3%	0.0%	95.3%	1.8%	3.0%	95.2%	1.9%	2.9%
Spotsylvania County	13,851,074	1.5%	9.7%	44.3%	4.4%	41.6%	54.0%	18.4%	27.6%
Stafford County	12,118,224	1.3%	16.3%	27.7%	10.2%	45.9%	44.0%	22.4%	33.6%
Virginia Beach	49,284,752	5.2%	1.1%	82.3%	2.9%	13.8%	83.4%	6.7%	10.0%

Winchester	2,693,119	0.3%	22.3%	24.9%	18.7%	34.0%	47.2%	21.1%	31.7%
York County	8,445,709	0.9%	7.5%	43.3%	3.3%	45.9%	50.8%	19.7%	29.5%

Counties and Cities above \$20M per year

<u>Locality</u>	<u>FY07 Estimate</u>	<u>FY07 % share</u>	Current				New			
			<u>Jul - Sep</u>	<u>Oct - Dec</u>	<u>Jan - Mar</u>	<u>Apr - Jun</u>	<u>Aug 15th</u>	<u>Nov 15th</u>	<u>Feb 15th</u>	<u>May 15th</u>
Alexandria	24,520,261	2.6%	52.4%	41.3%	4.1%	2.1%	50%	45%	3%	2%
Arlington County	32,136,921	3.4%	30.6%	60.6%	3.7%	5.0%	50%	45%	3%	2%
Fairfax County	214,843,228	22.6%	42.2%	47.0%	8.7%	2.2%	50%	45%	3%	2%
Prince William County	51,748,222	5.4%	31.2%	52.7%	10.8%	5.3%	50%	45%	3%	2%

Counties and Cities below \$20M per year

<u>Locality</u>	<u>FY07 Estimate</u>	<u>FY07 % share</u>	Current				New			
			<u>Jul - Sep</u>	<u>Oct - Dec</u>	<u>Jan - Mar</u>	<u>Apr - Jun</u>	<u>Aug 15th</u>	<u>Nov 15th</u>	<u>Feb 15th</u>	<u>May 15th</u>
Accomack County	3,038,998	0.3%	1.2%	52.0%	29.9%	16.9%	5%	75%	15%	5%
Alleghany County	1,713,248	0.2%	0.6%	86.1%	4.5%	8.8%	5%	75%	15%	5%
Amelia County	1,072,312	0.1%	5.5%	71.3%	3.9%	19.3%	5%	75%	15%	5%
Amherst County	2,271,229	0.2%	2.1%	75.7%	7.0%	15.2%	5%	75%	15%	5%
Appomattox County	1,040,435	0.1%	0.8%	41.5%	43.5%	14.2%	5%	75%	15%	5%
Augusta County	4,369,440	0.5%	0.4%	85.5%	9.2%	4.9%	5%	75%	15%	5%
Bath County	40,764	0.0%	0.4%	82.0%	9.0%	8.6%	5%	75%	15%	5%
Bedford City	304,287	0.0%	2.3%	83.5%	0.0%	14.2%	5%	75%	15%	5%
Bedford County	6,154,627	0.6%	1.3%	83.8%	7.3%	7.6%	5%	75%	15%	5%
Bland County	334,780	0.0%	0.0%	3.4%	78.8%	17.8%	5%	75%	15%	5%
Botetourt County	3,510,274	0.4%	1.8%	84.3%	7.6%	6.3%	5%	75%	15%	5%
Bristol	775,188	0.1%	0.0%	78.5%	0.0%	21.5%	5%	75%	15%	5%
Brunswick County	1,426,293	0.2%	1.5%	4.6%	90.5%	3.5%	5%	75%	15%	5%
Buchanan County	1,614,830	0.2%	8.7%	7.5%	78.2%	5.5%	5%	75%	15%	5%
Buckingham County	1,190,230	0.1%	2.2%	67.3%	5.1%	25.5%	5%	75%	15%	5%
Campbell County	3,526,384	0.4%	2.0%	48.9%	44.1%	5.0%	5%	75%	15%	5%
Carroll County	1,160,565	0.1%	0.0%	0.0%	0.0%	100.0%	5%	75%	15%	5%
Charles City County	661,931	0.1%	-0.2%	0.0%	100.2%	0.0%	5%	75%	15%	5%
Charlotte County	717,549	0.1%	0.6%	0.1%	83.2%	16.0%	5%	75%	15%	5%
Craig County	369,622	0.0%	0.0%	0.0%	84.4%	15.6%	5%	75%	15%	5%
Culpeper County	3,359,471	0.4%	0.0%	0.0%	85.3%	14.7%	5%	75%	15%	5%
Cumberland County	881,658	0.1%	0.0%	73.9%	12.5%	13.6%	5%	75%	15%	5%
Dickenson County	791,120	0.1%	0.0%	68.3%	0.0%	31.7%	5%	75%	15%	5%
Essex County	1,120,981	0.1%	1.6%	75.1%	7.5%	15.8%	5%	75%	15%	5%
Fairfax City	3,218,551	0.3%	41.6%	54.2%	2.3%	1.9%	5%	75%	15%	5%
Falls Church	1,887,845	0.2%	0.0%	0.0%	0.0%	100.0%	5%	75%	15%	5%

Counties and Cities below \$20M per year

<u>Locality</u>	<u>FY07 Estimate</u>	<u>FY07 % share</u>	Current				New			
			<u>Jul - Sep</u>	<u>Oct - Dec</u>	<u>Jan - Mar</u>	<u>Apr - Jun</u>	<u>Aug 15th</u>	<u>Nov 15th</u>	<u>Feb 15th</u>	<u>May 15th</u>
Fauquier County	13,301,028	1.4%	2.1%	82.9%	7.0%	8.0%	5%	75%	15%	5%
Floyd County	813,193	0.1%	0.2%	99.8%	0.0%	0.0%	5%	75%	15%	5%
Franklin City	1,063,624	0.1%	0.5%	0.0%	79.1%	20.4%	5%	75%	15%	5%
Franklin County	3,055,493	0.3%	10.5%	3.9%	159.6%	-74.1%	5%	75%	15%	5%
Galax	203,881	0.0%	0.4%	0.4%	100.2%	-1.1%	5%	75%	15%	5%
Giles County	1,253,738	0.1%	1.7%	60.8%	26.2%	11.3%	5%	75%	15%	5%
Gloucester County	2,773,322	0.3%	0.1%	81.2%	16.4%	2.3%	5%	75%	15%	5%
Goochland County	2,698,882	0.3%	-0.1%	0.0%	100.1%	0.0%	5%	75%	15%	5%
Grayson County	444,432	0.0%	0.0%	0.0%	79.8%	20.2%	5%	75%	15%	5%
Greensville County	1,136,395	0.1%	4.6%	69.2%	11.3%	14.8%	5%	75%	15%	5%
Halifax County	1,620,988	0.2%	0.5%	35.8%	45.1%	18.6%	5%	75%	15%	5%
Hanover County	14,837,453	1.6%	0.6%	84.0%	12.3%	3.0%	5%	75%	15%	5%
Harrisonburg	1,621,010	0.2%	3.6%	82.6%	8.8%	5.1%	5%	75%	15%	5%
Henry County	1,433,222	0.2%	-0.2%	0.0%	100.2%	0.0%	5%	75%	15%	5%
Highland County	184,522	0.0%	9.3%	0.0%	82.4%	8.4%	5%	75%	15%	5%
Hopewell	1,669,164	0.2%	2.2%	70.1%	5.0%	22.8%	5%	75%	15%	5%
Isle of Wight County	3,816,627	0.4%	-4.4%	0.0%	0.0%	104.4%	5%	75%	15%	5%
King and Queen County	808,943	0.1%	0.2%	0.0%	0.0%	99.9%	5%	75%	15%	5%
King William County	1,223,516	0.1%	1.6%	29.5%	66.0%	2.9%	5%	75%	15%	5%
Lancaster County	891,484	0.1%	0.0%	0.0%	83.7%	16.3%	5%	75%	15%	5%
Lee County	741,603	0.1%	0.0%	0.0%	77.6%	22.4%	5%	75%	15%	5%
Louisa County	1,574,951	0.2%	1.5%	79.4%	7.4%	11.8%	5%	75%	15%	5%
Lunenburg County	976,218	0.1%	0.0%	69.9%	13.5%	16.6%	5%	75%	15%	5%
Lynchburg	5,808,957	0.6%	1.8%	80.4%	4.8%	13.0%	5%	75%	15%	5%
Madison County	1,019,440	0.1%	-0.1%	83.1%	0.0%	17.0%	5%	75%	15%	5%
Manassas	3,946,406	0.4%	1.9%	89.7%	5.2%	3.3%	5%	75%	15%	5%
Manassas Park	1,278,464	0.1%	0.0%	93.2%	0.0%	6.8%	5%	75%	15%	5%
Martinsville	663,573	0.1%	0.0%	74.7%	0.0%	25.3%	5%	75%	15%	5%
Mathews County	1,024,267	0.1%	0.0%	87.0%	0.0%	13.0%	5%	75%	15%	5%
Mecklenburg County	1,757,507	0.2%	14.3%	0.4%	72.7%	12.6%	5%	75%	15%	5%
Middlesex County	690,443	0.1%	1.7%	1.0%	87.6%	9.7%	5%	75%	15%	5%
Montgomery County	4,672,913	0.5%	4.0%	64.9%	24.0%	7.1%	5%	75%	15%	5%
New Kent County	2,068,409	0.2%	0.0%	0.0%	0.0%	100.0%	5%	75%	15%	5%
Northampton County	1,439,488	0.2%	4.7%	-0.1%	59.7%	35.8%	5%	75%	15%	5%
Northumberland County	972,754	0.1%	0.8%	85.6%	0.0%	13.5%	5%	75%	15%	5%

Counties and Cities below \$20M per year

<u>Locality</u>	<u>FY07 Estimate</u>	<u>FY07 % share</u>	<u>Current</u>				<u>New</u>			
			<u>Jul - Sep</u>	<u>Oct - Dec</u>	<u>Jan - Mar</u>	<u>Apr - Jun</u>	<u>Aug 15th</u>	<u>Nov 15th</u>	<u>Feb 15th</u>	<u>May 15th</u>
Norton	219,787	0.0%	4.2%	51.1%	31.9%	12.8%	5%	75%	15%	5%
Nottoway County	1,053,114	0.1%	4.7%	0.0%	-0.1%	95.3%	5%	75%	15%	5%
Orange County	2,736,636	0.3%	1.1%	81.1%	6.1%	11.7%	5%	75%	15%	5%
Page County	1,713,605	0.2%	1.5%	75.5%	9.1%	13.8%	5%	75%	15%	5%
Patrick County	715,385	0.1%	0.4%	81.2%	5.0%	13.4%	5%	75%	15%	5%
Pittsylvania County	4,398,557	0.5%	0.2%	46.3%	0.0%	53.6%	5%	75%	15%	5%
Powhatan County	2,960,869	0.3%	0.5%	83.3%	7.3%	8.9%	5%	75%	15%	5%
Prince Edward County	1,377,688	0.1%	1.9%	76.3%	8.0%	13.8%	5%	75%	15%	5%
Prince George County	3,664,258	0.4%	0.4%	98.8%	0.8%	0.0%	5%	75%	15%	5%
Pulaski County	1,767,363	0.2%	0.0%	8.7%	85.0%	6.2%	5%	75%	15%	5%
Radford	659,046	0.1%	1.3%	0.0%	94.3%	4.4%	5%	75%	15%	5%
Rappahannock County	957,542	0.1%	0.8%	79.5%	0.1%	19.6%	5%	75%	15%	5%
Richmond County	838,537	0.1%	0.0%	0.0%	81.4%	18.6%	5%	75%	15%	5%
Rockbridge County	2,410,203	0.3%	1.2%	86.1%	4.7%	8.1%	5%	75%	15%	5%
Rockingham County	6,056,325	0.6%	1.0%	85.7%	4.2%	9.2%	5%	75%	15%	5%
Russell County	1,385,359	0.1%	1.7%	59.3%	21.3%	17.6%	5%	75%	15%	5%
Scott County	776,780	0.1%	0.3%	77.6%	13.5%	8.6%	5%	75%	15%	5%
Shenandoah County	3,662,699	0.4%	0.6%	85.0%	11.4%	3.1%	5%	75%	15%	5%
Smyth County	1,952,094	0.2%	0.9%	37.0%	51.5%	10.6%	5%	75%	15%	5%
Southampton County	2,314,268	0.2%	0.0%	40.6%	55.9%	3.5%	5%	75%	15%	5%
Staunton	1,576,094	0.2%	1.3%	75.6%	13.8%	9.2%	5%	75%	15%	5%
Suffolk	9,842,766	1.0%	0.6%	76.5%	20.7%	2.3%	5%	75%	15%	5%
Surry County	1,299,583	0.1%	-2.5%	0.0%	89.8%	12.8%	5%	75%	15%	5%
Sussex County	1,169,207	0.1%	0.0%	72.9%	0.0%	27.1%	5%	75%	15%	5%
Tazewell County	2,877,556	0.3%	1.4%	58.7%	29.2%	10.6%	5%	75%	15%	5%
Warren County	4,436,861	0.5%	-0.1%	78.7%	14.3%	7.2%	5%	75%	15%	5%
Washington County	2,628,191	0.3%	5.0%	70.0%	14.1%	10.8%	5%	75%	15%	5%
Waynesboro	1,780,127	0.2%	4.2%	65.4%	17.8%	12.6%	5%	75%	15%	5%
Westmoreland County	1,221,336	0.1%	0.0%	4.1%	78.5%	17.4%	5%	75%	15%	5%
Williamsburg	811,316	0.1%	0.8%	73.7%	22.0%	3.5%	5%	75%	15%	5%
Wise County	1,433,535	0.2%	1.7%	83.9%	6.9%	7.4%	5%	75%	15%	5%
Wythe County	1,575,894	0.2%	5.0%	70.7%	10.6%	13.7%	5%	75%	15%	5%

Towns

Aggregate Town Total 8,692,720

TOTAL 950,000,000

APPROPRIATIONS ACT (2004-2006) – ITEM 503

Central Appropriations (995)

503.	Personal Property Tax Relief Program (74600)	947,889,232	719,889,232
		890,089,232	742,389,232
Fund Sources:	General	947,889,232	719,889,232
		890,089,232	742,389,232

Authority: Discretionary Inclusion.

A.1. Included in this Item is ~~\$947,889,232~~ \$890,089,232 from the general fund in the first year and ~~\$719,889,232~~ \$742,389,232 from the general fund in the second year to be used to implement a program which provides equitable tax relief from the personal property tax on vehicles.

2. The amounts appropriated in this Item provide for a local reimbursement level of 70 percent in tax years 2004 and 2005. The local reimbursement level for tax year 2006 is set at \$950.0 million pursuant to ~~Senate Bill 5005 of the 2004 Special Session~~ Chapter 1 of the Acts of Assembly of 2004, Special Session I. Payments to localities with calendar year 2006 car tax payment due dates prior to July 1, 2006, shall not be reimbursed until after July 1, 2006, *except as otherwise provided in paragraph F of this Item.*

B. Any unexpended balance remaining in this Item as of June 30, 2004, and June 30, 2005, shall be carried forward on the books of the Comptroller and shall be available for expenditure in the succeeding year. Any unexpended balance remaining in this Item on June 30, 2006, shall be carried forward on the books of the Comptroller and shall be available for expenditures in the next biennium, *including without limitation for the purpose of providing reimbursement to localities for personal property tax relief with respect to bills for tax year 2005 and earlier pursuant to paragraph D of this Item.*

C. *Notwithstanding the provisions of subsection B of § 58.1-3524, Code of Virginia, as amended by Chapter 1 of the Acts of Assembly of 2004, Special Session I, the determination of each county's, city's and town's share of the total funds available for reimbursement for personal property tax relief pursuant to that subsection shall be pro rata based upon the actual payments to such county, city or town pursuant to Chapter 35.1 of Title 58.1 of the Code of Virginia for tax year 2004 as compared to the actual payments to all counties, cities and towns pursuant to that chapter for tax year 2004, made with respect to reimbursement requests submitted on or before December 31, 2005, as certified in writing by the Auditor of Public Accounts not later than March 1, 2006. Notwithstanding the provisions of the second enactment of Chapter 1 of the Acts of Assembly of 2004, Special Session I, this paragraph shall become effective upon the effective date of this act.*

D. 1. *Except as provided in subparagraph D 2, the entitlement to personal property tax relief for qualifying vehicles arising under the provisions of § 58.1-3524 as it existed prior to the amendments made in Chapter 1 of the Acts of Assembly, 2004 Special Session I, for tax year 2005 and all prior tax years shall expire on September 1, 2006. The treasurer or other official charged with collection of personal property taxes levied upon qualifying vehicles may issue a supplemental tax bill for the full amount of any taxes, penalty and interest for tax year 2005 and prior tax years that remain due and owing as of September 1, 2006, or such earlier date as reimbursement with respect to such bill is no longer available from the Commonwealth, without regard to or credit for any reimbursable amount to which such qualifying vehicle would have been entitled pursuant to the provisions of § 58.1-3524 as it existed prior to the amendments effected by Chapter 1 of the Acts of Assembly of 2004, Special Session I.*

2. *Notwithstanding the provisions of subparagraph D 1, the Commonwealth shall honor requests for personal property tax relief reimbursement received from the City of Winchester with respect to bills rendered for the tax year 2005 through April 1, 2007. The treasurer of the City of Winchester may issue a supplemental tax bill for the full amount of any taxes, penalty and interest for tax year 2005 and prior tax years that remain due and owing as of April*

1, 2007, or such earlier date as reimbursement with respect to such bill is no longer available from the Commonwealth, without regard to or credit for any reimbursable amount to which such qualifying vehicle would have been entitled pursuant to the provisions of § 58.1-3524 as it existed prior to the amendments effected by Chapter 1 of the Acts of Assembly of 2004, Special Session I.

3. Out of this appropriation, \$24,000,000 in the second year is provided to reimburse counties, cities, and towns for personal property taxes paid for qualifying vehicles for tax year 2005 and earlier which would normally have been paid on or after July 1, 2006. Such appropriation shall terminate the obligations of the Commonwealth under the Personal Property Tax Relief Act as it existed prior to the enactment of Chapter 1 of the Acts of Assembly of 2004, Special Session I.

E. The requirements of subsection C 2 of § 58.1-3524 and subsection E of § 58.1-3912, Code of Virginia, as amended by Chapter 1 of the Acts of Assembly, 2004 Special Session I, with respect to the establishment of tax rates for qualifying vehicles and the format of tax bills shall be deemed to have been satisfied if the locality provides by ordinance or resolution, or as part of its annual budget adopted pursuant to Chapter 25 of Title 15.2 of the Code of Virginia or the provisions of a local government charter or Chapter 4, 5, 6, 7 or 8 of Title 15.2 of the Code of Virginia, if applicable, specific criteria for the allocation of the Commonwealth's payments to such locality for tangible personal property tax relief among the owners of qualifying vehicles, and such locality's tax bills provide a general description of the criteria upon which relief has been allocated and set out, for each qualifying vehicle that is the subject of such bill, the specific dollar amount of relief so allocated.

F. The Secretary of Finance may authorize advance payment, from funds appropriated in this Item, of sums otherwise due a town on and after July 1, 2006, for personal property tax relief under the provisions of Chapter 1 of the Acts of Assembly, 2004 Special Session I, if the Secretary finds that such town (1) had a due date for tangible personal property taxes on qualified vehicles for tax year 2006 falling between January 1 and June 30, 2006, (2) had a due date for tangible personal property taxes on qualified vehicles for tax year 2004 falling between January 1 and June 30, 2004, (3) received reimbursements pursuant to the provisions of Chapter 35.1 of Title 58.1 of the Code of Virginia between January 1 and June 30, 2004, (4) utilizes the cash method of accounting, and (5) would suffer fiscal hardship in the absence of such advance payment.

G. It is the intention of the General Assembly that reimbursements to counties, cities and towns that had a billing date for tax year 2004 tangible personal property taxes with respect to qualifying vehicles falling between January 1 and June 30, 2004, and received personal property tax relief reimbursement with respect to tax year 2004 from the Commonwealth between January 1 and June 30, 2004, pursuant to the provisions of Chapter 35.1 of Title 58.1 of the Code of Virginia as it existed prior to the amendments effected by Chapter 1 of the Acts of Assembly, 2004 Special Session I, be made by the Commonwealth with respect to sums attributable to such spring billing dates not later than August 15 of each fiscal year.

Sample Language for Statement for Tax Bill

(Note: Specific language is decision of each locality.)

The 2005 General Assembly capped the total cost of car tax relief for the Commonwealth of Virginia at \$950 million. Each locality's share of the \$950 million is based upon car tax relief reimbursements from the Commonwealth to the locality for tax year 2004. These funds are allocated to provide tax relief for qualifying vehicles in the County of _____. The amount of car tax relief is based upon total dollars from the Commonwealth divided by the total tax of all qualifying vehicles in the County of _____. Please contact your Commissioner of the Revenue, 999.999.9999 or Treasurer 999.999.9999 if you have any specific questions regarding your tax bill.

Sample Language for Tax Notice

(Note: Specific language is decision of each locality.)

Public Tax Notice

Personal Property Tax Relief Changes

In accordance with changes by the 2005 General Assembly, delinquent tax bills for tax years 2000-2005 that remain unpaid as of **September 1, 2006** * will require **100 percent** of the original tax to be paid by the **TAXPAYER**.

Pay now to avoid paying higher taxes later.

* Reimbursement from the Commonwealth of Virginia may be depleted prior to Sept. 1, 2006, at which time the taxpayer would be responsible for 100 percent of the tax.

Supplemental Assessments for Qualified Vehicles

- Supplemental assessment(s) for tax years 2005 and earlier issued between July 1, 2006 and September 1, 2006 will require communication between the Commissioner of the Revenue and Treasurer.
- Supplemental assessments issued after July 1, 2006, should be coordinated with the due date. The Commissioner of the Revenue should have all supplemental assessments for prior tax years issued in early 2006 so taxpayers will receive the PPTRA relief.

Model Ordinance Language

(reprinted from VML's publication *Personal Property Tax Relief Guide & Model Ordinance* authored by Alan Albert)

WHEREAS the Personal Property Tax Relief Act of 1998, Va. Code §§ 58.1-3523 *et seq.* ("PPTRA"), has been substantially modified by the enactment of Chapter 1 of the Acts of Assembly, 2004 Special Session I (Senate Bill 5005), and the provisions of Item 503 of Chapter ____ of the 2005 Acts of Assembly (the 2005 revisions to the 2004-06 Appropriations Act, hereinafter cited as the "2005 Appropriations Act"); and

WHEREAS these legislative enactments require the City [Town] [County] to take affirmative steps to implement these changes, and to provide for the computation and allocation of relief provided pursuant to the PPTRA as revised; and

WHEREAS these legislative enactments provide for the appropriation to the City [Town] [County], commencing in 2006, of a fixed sum to be used exclusively for the provision of tax relief to owners of qualifying personal use vehicles that are subject to the personal property tax ("PPT") on such vehicles, and provide the opportunity for the City [Town] [County] to fashion a program of tax relief that serves the best interests of its citizenry;

NOW THEREFORE BE IT ORDAINED by the City [Town] Council [Board of Supervisors] as follows:

§ 1. Purpose; Definitions; Relation to other Ordinances. (a) The purpose of this Ordinance is to provide for the implementation of the changes to PPTRA effected by legislation adopted during the 2004 Special Session I and the 2005 Regular Session of the General Assembly of Virginia.

(b) Terms utilized in this Ordinance that have defined meanings set forth in PPTRA shall have the same meanings as set forth in Va. Code § 58.1-3523, as amended.

(c) To the extent that the provisions of this Ordinance conflict with any prior Ordinance or provision of the City [Town] [County] Code, this Ordinance shall control.

§ 2. Method of Computing and Reflecting Tax Relief. (a) For tax years commencing in 2006, the City [Town] [County] adopts the provisions of Item 503.E of the 2005 Appropriations Act, providing for the computation of tax relief as a specific dollar amount to be offset against the total taxes that would otherwise be due but for PPTRA and the reporting of such specific dollar relief on the tax bill.

[ALTERNATIVE APPROACH (reduced rates method): Substitute the following: (a) For tax years commencing in 2006, the annual budget of the City [Town] [County] shall provide for a reduced personal property tax rate to apply to qualifying vehicles, in accordance with the provisions of Va. Code § 58.1-3524 (C) as amended by Chapter 1 of the Acts of Assembly of 2004, Special Session I.]

(b) The Council [Board] shall, as part of the annual budget adopted pursuant to Chapter 25 [counties under optional forms of government should substitute chapter applicable to form of government] of Title 15.2 of the Code of Virginia [and §§ ____ through ____ of the City [Town] [County] Code], set the rate of tax relief at such a level that it is anticipated fully to exhaust PPTRA relief funds provided to the City [Town] [County] by the Commonwealth. **[OPTIONAL ADDITION:** Any amount of PPTRA relief not utilized within the City's [Town's] [County's] fiscal year shall be carried forward and utilized to increase the funds available for personal property tax relief in the following fiscal year.]

[ALTERNATIVE APPROACH (set tax relief rate in annual ordinance or resolution, rather than budget): After "The Council [Board] shall," strike the balance of the first line, all of the second and third lines, and the fourth line through "[Code]", and substitute the following: by ordinance [resolution], . . .]

(c) Personal property tax bills shall set forth on their face the specific dollar amount of relief credited with respect to each qualifying vehicle, together with an explanation of the general manner in which relief is allocated.

§ 3. Allocation of Relief among Taxpayers. (a) Allocation of PPTRA relief shall be provided in accordance with the general provisions of this section, as implemented by the specific provisions of the City's [Town's] [County's] annual budget relating to PPTRA relief.

(b) Relief shall be allocated in such as manner as to eliminate personal property taxation of each qualifying vehicle with an assessed value of \$1,000 or less.

[ALTERNATE APPROACH (use general law to write off small balances): Delete (b) and encourage the Treasurer, in reliance upon authority provided in Va. Code §§ 58.1-3912 (A) and 58.1-3921, to choose not to issue bills for balances due of \$20 or less and to write off those balances]

[ALTERNATE APPROACH (bill all balances regardless of size): Delete (b) and encourage the Treasurer to continue to bill for small balances notwithstanding the authority provided in Code § 58.1-3912 (A) and 58.1-3921 to write them off]

(c) Relief with respect to qualifying vehicles with assessed values of more than \$1,000 shall be provided at a rate, annually fixed in the City [Town] [County] budget and applied to the first \$20,000 in value of each such qualifying vehicle, that is estimated fully to utilize all available state PPTRA relief. The rate shall be established annually as a part of the adopted budget for the City [Town] [County]. **[NOTE: this provides for a single rate of relief applicable to the first \$20,000 of vehicle value.]**

[ALTERNATE APPROACH (single rate, reduced ceiling): Replace (c) as follows: (c) Relief with respect to qualifying vehicles with assessed values of more than \$1,000 shall be provided at a rate, annually fixed in the City [Town] [County] budget and applied to the first \$_____ [enter dollar amount less than \$20,000] in value of each such qualifying vehicle, that is estimated fully to utilize all available state PPTRA relief. The rate shall be established annually as a part of the adopted budget for the City [Town] [County].]

[ALTERNATE APPROACH (multiple rates, \$20,000 ceiling): Replace (c) as follows: (c) Relief with respect to qualifying vehicles with assessed values of more than \$1,000 shall be provided at rates, annually fixed in the City [Town] [County] budget, that achieve to the extent feasible the following general relationships between the rates applicable to classes of vehicle value established herein and fully utilize all available state PPTRA relief:

(1) Relief with respect to vehicle value up to and including \$7,500 shall be provided at a rate that is approximately 20% higher than that applied to vehicle value described in subsection (2) of this section.

(2) Relief with respect to vehicle value in excess of \$7,500, but not more than \$15,000, shall be provided at a rate that is approximately 20% higher than that applied to vehicle value described in subsection (3) of this section.

(3) Relief with respect to vehicle value in excess of \$15,000, but not more than \$20,000.]

[ALTERNATE APPROACH (multiple rates, reduced ceiling): Replace (c) as follows: (c) Relief with respect to qualifying vehicles with assessed values of more than \$1,000 but not more than \$12,500 shall be provided at rates, annually fixed in the City [Town] [County] budget, that achieve to the extent feasible the following general relationships between the rates applicable to classes of vehicle value established herein and fully utilize all available state PPTRA relief:

(1) Relief with respect to vehicle value up to and including \$5,000 shall be provided at a rate that is approximately 20% higher than that applied to vehicle value described in subsection (2) of this section.

(2) Relief with respect to vehicle value in excess of \$5,000, but not more than \$10,000, shall be provided at a rate that is approximately 20% higher than that applied to vehicle value described in subsection (3) of this section.

(3) Relief with respect to vehicle value in excess of \$10,000, but not more than \$12,500.]

§ 4. Transitional Provisions. (a) Pursuant to authority conferred in Item 503.D of the 2005 Appropriations Act, the City [Town] [County] Treasurer is authorized to issue a supplemental personal property tax bill, in the amount of 100% of tax due without regard to any former entitlement to state PPTRA relief, plus applicable penalties and interest, to any taxpayer whose taxes with respect to a qualifying vehicle for tax year 2005 or any prior tax year remain unpaid on September 1, 2006 [substitute April 1, 2007 for City of Winchester], or such date as state funds for reimbursement of the state share of such bill have become unavailable, whichever earlier occurs.

(b) Penalty and interest with respect to bills issued pursuant to subsection (a) of this section shall be computed on the entire amount of tax owed. Interest shall be computed at the rate provided in [insert reference to locality's general personal property tax ordinance] from the original due date of the tax.

Model Resolution Language

(Note: Specific language is decision of each locality.)

This is sample model language that could be incorporated with the annual budget resolution beginning in 2006, or that can be used in a stand alone resolution adopted annually by the local governing body. The locality's attorney will recommend which resolution method to use.

A resolution or budget resolution is permissible by Item 503.E and provides greater flexibility than trying to fix the allocation percentage by ordinance.

The 64% allocation referenced below is based on the sample data in the PPTRA Allocation Model for assessed values between \$1,000 and \$20,000 for qualifying vehicles. This is simply a rounded allocation (it could have been 64.54% for example). **Numbers used in this model resolution are for illustrative purposes only and will vary by locality.**

In accordance with the requirements set forth in Section 58.1-3524(C) (2) and Section 58.1-3912(E) of the Code of Virginia, as amended by Chapter 1 of the Acts of Assembly (2004 Special Session 1) and as set forth in Item 503.E (Personal Property Tax Relief Program) of Chapter 951 of the 2005 Acts of Assembly any qualifying vehicle situated within the County commencing January 1, 2006, shall receive personal property tax relief in the following manner:

- **Personal use vehicles valued at \$1,000 or less will be eligible for 100% tax relief;**
- **Personal use vehicles valued at \$1,001 to \$20,000 will be eligible for 64% tax relief;**
- **Personal use vehicles valued at \$20,001 or more shall only receive 64% tax relief on the first \$20,000 of value; and**
- **All other vehicles which do not meet the definition of “qualifying” (business use vehicles, farm use vehicles, motor homes, etc.) will not be eligible for any form of tax relief under this program.**
- **[Except for the City of Winchester] In accordance with Item 503.D.1., the entitlement to personal property tax relief for qualifying vehicles for tax year 2005 and all prior tax years shall expire on September 1, 2006. Supplemental assessments for tax years 2005 and prior that are made on or after September 1, 2006 shall be deemed ‘non-qualifying’ for purposes of state tax relief and the local share due from the taxpayer shall represent 100% of the tax assessable.**

Methodology

PPTRA ALLOCATION MODEL (PAM)

Input historical data for the years you have available (up to five), and the model will calculate historical growth rates for you. *Enter data in the yellow cells only.* **The Model is intended to help with the decision making process to determine the allocation of PPTRA money on 2006 tax bills.** It can provide a benchmark against which to weigh your own estimate. You are not required to use this model. **This is nothing more than a projection tool intended to help analyze PPTRA data.**

As shown on the last page of the spreadsheet, PAM can be used to help develop a trend line projection for tax year 2006, based on your latest estimate for tax year 2005 (presumably made around December).

Historical trend line analysis is not a perfect predictor of the future. Consider for example the swing in last year's NADA car values. If you have a better forecast of trends in 2006, you can instead enter this information into the 'Single Estimate' spreadsheet.

Line (a) – Total Vehicle Levy

- The total amount of levy that has been assessed (whether prorated or not)
- for all vehicles (business and personal use)
- to include supplementals, less any corrections (or exonerations) to this levy during the same year.
- may be as of 12/30 or as of 6/30 each year

Line (b) – Total Levy on Personal Use Vehicles

- a subset of Line a. This is the total levy assessed on personal use vehicles (no business vehicles)
- prorated where applicable, to include supplementals, less corrections (exonerations) made during the same calendar or fiscal year
- not just 'qualifying' levy. This includes all levy on personal use vehicles (including levy on value over \$20,000 and below \$1,000).

Lines (c) – (e), Potential PPTRA Reimbursements; Represents the State Share of Tax Levy

- line c is PPTRA reimbursement of tax levy on qualifying vehicles assessed less than \$1,000
- line d is the potential PPTRA reimbursement of tax levy on qualifying vehicles assessed between \$1,000 and \$20,000
- line e is the total potential PPTRA reimbursement for a given tax year
- this is 'potential' because it is the amount the Treasurer would receive assuming a 100% collection rate
- again, this is the year-end total, to include supplementals and corrections made during the same year

Lines (f) and (g)- Effective Qualifying Levy Base:

- potential PPTRA Reimbursement divided by the rate (70% since tax year 2001); 100% for qualifying vehicles assessed less than \$1,000
- this is the effective qualifying levy– it is a subset of Line (b)
- for personal use vehicles, this is the tax levy on the assessed value below \$1,000 (line f); and, the tax levy on qualifying vehicles assessed between \$1,000 and \$20,000 (line g)
- growth rates summarized at the end of the spreadsheet

Car Tax Reform Implementation

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